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SUBJECT: ERBIL RRT: PRICE WATERHOUSE ADVISES KURDISTAN REGIONAL  
GOVERNMENT ON GOOD GOVERNANCE AND TRANSPARENCY

REFTEL: 09 BAGHDAD 796

11. (U) SUMMARY: On July 17, the results of an 11-month "good governance assessment" conducted by private consultant PricewaterhouseCoopers (PWC) were presented to the Kurdistan Regional Government (KRG) Prime Minister and KRG Council of Ministers. The next step is a comprehensive strategy for "Good Governance and Transparency," to be released to the public in late June/early July which will track with UN Convention on Corruption pillars. While acknowledging that the Region presents many gaps and deficiencies, the PWC also commended the KRG for self-funding this project, for providing unfettered access to all information requested, and for Prime Minister Nechirvan Barzani's strong support of the PWC team and implementation of their recommendations. END SUMMARY

12. (U) On June 17, the findings of a PricewaterhouseCoopers (PWC) assessment of Kurdistan Regional Government (KRG) public administration were released to KRG Prime Minister Nechirvan Barzani and the KRG Council of Ministers. On June 18, RRT Team Leader and RRTOff met with representatives of the PricewaterhouseCoopers (PWC) team and representatives of the KRG Good Governance and Transparency (GGT) team to discuss reception of the assessment results and planned next steps. During the meeting, the KRG GGT representatives stated their intention to combine the PWC assessment results with the results of other GGT initiatives (including work with UNDP, World Bank and Dubai School of Government) into a comprehensive, "multi-year, multi-work stream strategy for Good Governance and Transparency." The KRG GGT plans to publicly release this strategy in late-June/early-July. (Comment: The KRG has not released the results of the PWC assessment to the RRT.) KRG GGT representatives regretted that the timing of the roll-out would make it appear that the initiative was linked in a calculating way to the upcoming IKP elections; they noted that the original time-frame had been set up when the KRG elections were to have been held in May.

13. (U) PWC representatives reported that PM Barzani received the results of their assessment warmly. Although the summary pulled no punches in describing the many gaps and deficiencies that needed to be addressed, they reported that the Prime Minister did not disagree with any of the finding. According to PWC representatives, PM Barzani discussed the results of the assessment with the KRG Council of Ministries, and pointedly remarked that while the KRG had undertaken similar initiatives in the past there was little to show for its efforts. He pledged that the same fate would not befall this initiative. PM Barzani said that whether he or any other ministers were still in their positions after the coming Kurdistan parliamentary and presidential elections, the implementation of the assessment results would go on.

14. (U) PWC representatives said that in their recommendations, they did not want to repeat the mistakes of the GoI Commission on Integrity (CoI), which they said started off enforcement-focused and went about "thumping people on the heads" for violating concepts that did not yet have a foundation in Iraqi culture. They believed that this approach had inflamed hostilities and was ultimately unable to retain the local government officials who were associated with it. Instead, the PWC assessment has recommended a "sequencing plan" that builds knowledge of anti-corruption principles and

provides ground-level training, before creating anti-corruption institutions like the CoI. They cited the absence of several words in the anti-corruption lexicon from the Kurdish language as an example of the groundwork that needed to be done before more advanced, enforcement-based institutions could succeed in the KR.

15. (U) PWC representatives admitted that their assessment identified many "significant gaps" and that "where the rubber meets the road is in the implementation of their recommendations." But they also affirmed that PM Barzani set a very strong tone from the top, and expressed confidence that he is committed to the reform process, regardless of how difficult it may be. PWC representatives commended PM Barzani for the level of support he provided to them as they conducted the assessment, and noted that they had unfettered access to all levels of government and all needed information. They noted that even though this was a KRG-contracted project, it was quite similar to a United Nations Convention against Corruption (UNCAC) project (inclusive of an assessment, gap analysis, and work plan to address issues raised in the assessment.) It was the first time in this team's experience that a government had self-funded its own UNCAC-like project. While contractual issues are still under negotiation, PWC plans to work with the KRG on implementation of the assessment's recommendations. PWC also disclosed plans to open an office in the KR for additional private consulting in the near future.

Comment:

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16. (SBU) The challenge is large: creating a culture of good governance and setting standards of ethical behavior - as well putting in place enforcement mechanisms. In this, as in other

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areas, the Kurdistan Region is neither waiting for donor assistance nor bemoaning the lack of international support - they have decided to go out and buy their own advice. These are positive steps so far. But the painful next steps, including divesting the government of conflict-of-interest business dealings, enforcing new codes of conduct for government officials, and prying the party away from the workings of government will test the commitment of the KRG leadership - whoever it may be.

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